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PP RUEHAG RUEHBI RUEHCI RUEHLH RUEHPW RUEHROV

DE RUEHAA #0574 1271115

ZNY CCCCC ZZH

P 061115Z MAY 08

FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC PRIORITY 0752

INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

RUCNCIS/CIS COLLECTIVE

RUCNMEM/EU MEMBER STATES COLLECTIVE

RUEHAK/AMEMBASSY ANKARA 3737

RUEHBJ/AMEMBASSY BEIJING 1555

RUEHKO/AMEMBASSY TOKYO 1422

RUEHIT/AMCONSUL ISTANBUL 1991

RUEATRS/DEPT OF TREASURY WASHDC

RHMFISS/CDR USCENTCOM MACDILL AFB FL

RUEAIIA/CIA WASHDC

RHEFDIA/DIA WASHDC

RHEHNSC/NSC WASHDC

RUEKJCS/Joint STAFF WASHDC

RUEKJCS/SECDEF WASHDC

RUEHVEN/USMISSION USOSCE 2493

C O N F I D E N T I A L ASHGABAT 000574

SENSITIVE

SIPDIS

STATE FOR SCA/CEN, EEB  
TREASURY FOR LANIER/BAKER

E.O. 12958: DECL: 05/06/2018

TAGS: [PGOV](#) [PREL](#) [ECON](#) [EFIN](#) [SOCI](#) [TX](#)

SUBJECT: TURKMENISTAN DEVALUES THE EURO

REF: ASHGABAT 0551

Classified By: CHARGE SYLVIA REED CURRAN FOR REASONS 1.4 (B) AND (D).

¶1. (C) Europa House Coordinator Emilio Valli told EmbOffs May 4 that Turkmenistan has recently devalued the euro 30% in relation to the Turkmenistan manat. He explained this was done in order to prevent people from further profiting on a difference between the European and Turkmenistan euro/dollar rates that existed as Turkmenistan was devaluating the dollar step-by-step prior to the local currency rate unification on May 1 (reftel). (NOTE: Unlike with the dollar, there has never been a dual official and "unofficial" exchange rate for the euro in Turkmenistan. END NOTE.) Valli revealed that just as people are limited in the amount of dollars they can exchange at any one time (currently \$100), the Turkmenistan government has limited the amount of euros he can transfer into his local National Bank of Pakistan account. When he first arrived earlier this year, he was told he could only transfer 50,000 euros/month for the first three months and would have to wait an additional four months before putting more into the account. Thereafter, he would be limited to depositing, at most, 5,000 euros/month. Due to the deposit restrictions imposed, he decided to bring the start up money for Europa House with him in cash.

¶2. (C) COMMENT: Most expert observers agree the manat is overvalued against the dollar and euro alike. While the more sophisticated of Ashgabat's residents are beginning to favor euros, the familiar dollar remains the foreign currency of choice. The price street traders are giving for dollars is 15,000 manat/dollar (official rate is 14,250/dollar). Rumors are rife that the government will sooner or later devalue the manat and bring it closer to its real value. No one seems to know exactly what that real value may be, with some people feeling it could return to its 2007 "unofficial rate" value of 24,000 or even go higher. In the meantime, local residents are showing they have more confidence in the dollar than the manat. At 7:00am on May 6, EmbOff, while out jogging, found a line around the block of local residents waiting to enter a bank to exchange their manat for dollars.  
END COMMENT.

CURRAN